

STATE OF SOUTH CAROLINA

(Caption of Case)

Annual Review of Base Rates  
for fuel costs for  
Duke Energy Carolinas, LLC

BEFORE THE  
PUBLIC SERVICE COMMISSION  
OF SOUTH CAROLINA

COVER SHEET

DOCKET

NUMBER: 2007 - 3 - E

(Please type or print)

Submitted by: Richard L. Whitt  
Address: 508 Hampton Street  
Columbia, South Carolina  
29201

SC Bar Number: 62895  
Telephone: 803-251-7442  
Fax: 803-252-3679  
Other: 803-251-7442  
Email: rlwhitt@alrlaw.com

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**DOCKETING INFORMATION** (Check all that apply)

- ☐ Emergency Relief demanded in petition ☐ Request for item to be placed on Commission's Agenda expeditiously
- ☒ Other: Routine

INDUSTRY (Check one)	NATURE OF ACTION (Check all that apply)			
<input checked="" type="checkbox"/> Electric	<input type="checkbox"/> Affidavit	<input type="checkbox"/> Letter	<input type="checkbox"/> Request	
<input type="checkbox"/> Electric/Gas	<input type="checkbox"/> Agreement	<input type="checkbox"/> Memorandum	<input type="checkbox"/> Request for Certification	
<input type="checkbox"/> Electric/Telecommunications	<input type="checkbox"/> Answer	<input type="checkbox"/> Motion	<input type="checkbox"/> Request for Investigation	
<input type="checkbox"/> Electric/Water	<input type="checkbox"/> Appellate Review	<input type="checkbox"/> Objection	<input type="checkbox"/> Resale Agreement	
<input type="checkbox"/> Electric/Water/Telecom.	<input type="checkbox"/> Application	<input type="checkbox"/> Petition	<input type="checkbox"/> Resale Amendment	
<input type="checkbox"/> Electric/Water/Sewer	<input type="checkbox"/> Brief	<input type="checkbox"/> Petition for Reconsideration	<input type="checkbox"/> Reservation Letter	
<input type="checkbox"/> Gas	<input type="checkbox"/> Certificate	<input type="checkbox"/> Petition for Rulemaking	<input type="checkbox"/> Response	
<input type="checkbox"/> Railroad	<input type="checkbox"/> Comments	<input type="checkbox"/> Petition for Rule to Show Cause	<input type="checkbox"/> Response to Discovery	
<input type="checkbox"/> Sewer	<input type="checkbox"/> Complaint	<input type="checkbox"/> Petition to Intervene	<input type="checkbox"/> Return to Petition	
<input type="checkbox"/> Telecommunications	<input type="checkbox"/> Consent Order	<input type="checkbox"/> Petition to Intervene Out of Time	<input type="checkbox"/> Stipulation	
<input type="checkbox"/> Transportation	<input type="checkbox"/> Discovery	<input checked="" type="checkbox"/> Prefiled Testimony	<input type="checkbox"/> Subpoena	
<input type="checkbox"/> Water	<input type="checkbox"/> Exhibit	<input type="checkbox"/> Promotion	<input type="checkbox"/> Tariff	
<input type="checkbox"/> Water/Sewer	<input type="checkbox"/> Expedited Consideration	<input type="checkbox"/> Proposed Order	<input type="checkbox"/> Other:	
<input type="checkbox"/> Administrative Matter	<input type="checkbox"/> Interconnection Agreement	<input type="checkbox"/> Protest		
<input type="checkbox"/> Other:	<input type="checkbox"/> Interconnection Amendment	<input type="checkbox"/> Publisher's Affidavit		
	<input type="checkbox"/> Late-Filed Exhibit	<input type="checkbox"/> Report		

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AUG 16 2007

PSC SC  
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COPY 187810

Posted: toel

BEFORE THE PUBLIC SERVICE COMMISSION OF SOUTH CAROLINA

Dept: S.A.

Docket No. 2007-3-E

Date: 8/17/07

Time: 9:55

In the Matter of  
Annual Review of Base Rates  
for Fuel Costs for  
Duke Energy Carolinas, LLC

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**SUPPLEMENTAL TESTIMONY OF  
JANE L. McMANEUS**

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SC PUBLIC SERVICE  
COMMISSION

OPEN DATE: N/A  
FILE: OK toel

1    **Q.     PLEASE STATE YOUR NAME, BUSINESS ADDRESS AND POSITION:**

2    **A.**    My name is Jane L. McManeus. My business address is 526 South Church Street,  
3           Charlotte, North Carolina. I am Director, Rates for Duke Energy Carolinas, LLC  
4           ("Duke Energy Carolinas" or the "Company").

5    **Q.     DID YOU PREVIOUSLY SUBMIT DIRECT TESTIMONY AND EXHIBITS**  
6           **IN THIS PROCEEDING?**

7    **A.**    Yes.

8    **Q.     WHAT IS THE PURPOSE OF YOUR SUPPLEMENTAL TESTIMONY?**

9    **A.**    The purpose of my supplemental testimony is to present information supporting the  
10          Settlement Agreement entered into by and among the Company, the Office of  
11          Regulatory Staff ("ORS"), and the South Carolina Energy Users Committee  
12          ("SCEUC"), dated August 16, 2007 (the "Settlement").

13   **Q.     WHAT ARE THE PRINCIPAL PROVISIONS OF THE SETTLEMENT?**

14   **A.**    The principal terms of the Settlement are as follows: (i) acceptance of the ORS  
15          witness Jacqueline Cherry's prefiled direct testimony concerning adjustments to the  
16          Company's over/under recovered fuel costs; (ii) acceptance for purposes of this  
17          proceeding of the methodology used by Duke Energy Carolinas to calculate the  
18          environmental cost component of its fuel cost factors for its different customer  
19          classes; and (iii) acceptance of the fuel costs, environmental costs, and combined  
20          projected fuel factors filed in my direct testimony and exhibits.

21   **Q.     WHAT IMPACT WILL THE SETTLEMENT HAVE ON DUKE ENERGY**  
22          **CAROLINAS' CUMULATIVE OVER-RECOVERY OF FUEL COSTS?**

1     **A.**     Based on ORS' adjustments to the Company's over/under recovered fuel costs, as  
2             set forth in the prefiled direct testimony of ORS witness Jacqueline Cherry, the  
3             Settlement would result in a cumulative over-recovery of Duke Energy Carolinas'  
4             fuel costs of (i) \$1,632,482 for the period beginning July 2006 and ending June  
5             2007, and (ii) \$5,998,032 for the period beginning July 2006 and ending September  
6             2007.

7     **Q.     WHAT IMPACT WILL THE SETTLEMENT HAVE ON THE**  
8             **METHODOLOGY USED BY DUKE ENERGY CAROLINAS TO DEVELOP**  
9             **THE ENVIRONMENTAL COST COMPONENT OF ITS FUEL COST**  
10            **FACTORS?**

11    **A.**     The Settlement affirms the method used by Duke Energy Carolinas to develop the  
12             environmental cost component of its fuel cost factors for each customer class  
13             consistent with S.C. Code Ann. § 58-27-865, as amended by 2007 S.C. Acts 16;  
14             however, the Settlement provides that such methodology may continue to be open  
15             for determination by the Commission in the Company's future fuel cost  
16             proceedings.

17    **Q.     WHAT IS THE NET EFFECT OF SETTLEMENT ON THE COMPANY'S**  
18             **FUEL FACTORS?**

19    **A.**     The Settlement affirms the fuel factors contained in my prefiled direct testimony and  
20             exhibits, such that the appropriate fuel costs, environmental costs, and combined  
21             projected fuel factors for the Company to charge for the period beginning with the

1 first billing cycle in October 2007 through the last billing cycle of September 2008  
2 by customer class are:

3 **Summary ¢/KWH**

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	<b>Customer Class</b>	<b>SC Fuel Cost from McManeus Exhibit 6</b>	<b>SC Environmental Costs from McManeus Exhibits 7 &amp; 8</b>	<b>Combined Projected Fuel Factor from McManeus Exhibit 9</b>
1	Residential	1.7457	0.0758	1.8215
2	General Service/Lighting	1.7457	0.0600	1.8057
3	Industrial	1.7457	0.0372	1.7829

4 **Q. WHAT IS DUKE ENERGY CAROLINAS ASKING THE COMMISSION**  
5 **TO DO?**

6 **A.** Duke Energy Carolinas respectfully requests the Commission approve the  
7 Settlement as presented.

8 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

9 **A.** Yes, it does.

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COMMISSION

**BEFORE**  
**THE PUBLIC SERVICE COMMISSION OF**  
**SOUTH CAROLINA**  
**DOCKET NO. 2007-3-E**

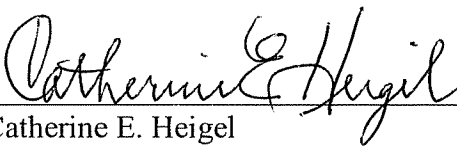
In the Matter of:                     )  
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Annual Review of Base Rates       )  
for Fuel Costs for                    )  
Duke Energy Carolinas, LLC         )  
                                                  )

**CERTIFICATE  
OF SERVICE**

This is to certify that I have caused to be served this day one copy of Duke Energy Carolinas' Supplemental Testimony of Jane L. McManeus via regular first class United States mail, postage prepaid, at the addresses set forth below:

C. Lessie Hammonds, Esq.  
Office of Regulatory Staff  
1441 Main Street, Suite 300  
Columbia, SC 29201

Scott Elliott, Esq.  
Elliott & Elliott, P.A.  
721 Olive Street  
Columbia, SC 29205

  
Catherine E. Heigel  
Assistant General Counsel  
Duke Energy Carolinas, LLC  
526 S. Church Street, EC03T  
Charlotte, NC 28202

Charlotte, North Carolina  
This 16<sup>th</sup> day of August 2007